TECK CORPORATION LIMITED - 1976

DIRECTORS

Rt. Hon. D.R. Michener, P.C., Q.C., Toronto, Counsel.
Sir Michael Butler, Bt., Q.C., Victoria, Partner, Butler, Angus.
R.E. Hallbauer, B.A.Sc., P.Eng., Vancouver, President, Brameda Resources Limited.
D.L. Hiebert, C.A., B.Comm., Vancouver, Vice President, Teck Corporation Limited.
G.L. Jennison, Toronto, Director, Canada Permanent Mortgage Corporation.
A.R. Keevil, M.A., P.Geol., Calgary, Vice President, Teck Corporation Limited.
N.B. Keevil, M.Sc., Ph.D., Vancouver, President, Copperfields Mining Corporation.
N.B. Keevil Jr., M.Sc., Ph.D., P.Eng., Vancouver, President, Afton Mines Ltd.
J.D. Leishman, M.D., FRCS(c), Vancouver, Director, Mutual Life Assurance Company.
C.E. Michener, M.Sc., Ph.D., Toronto, Consulting Geologist.
J.H. Westell, Orillia, Vice President, Teck Mining Group Limited.
R.J. Wright, Toronto, Partner, Lang, Michener, Cranston, Farquharson & Wright.

OFFICERS

Rt. Hon. D.R. Michener, Chairman of the Board
Norman B. Keevil, President
Norman B. Keevil Jr., Executive Vice President
Robert E. Hallbauer, Vice President
Alan R. Keevil, Vice President
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William H. Maedel, Secretary
Norman B. Rudden, Treasurer
John D. Munroe, Assistant Secretary
Walter H. Bowles, Assistant Secretary

Teck Corporation produces oil, natural gas, zinc, silver, gold and columbium from operations in seven provinces of Canada. The company is presently developing a copper mine and smelter and has interests in nickel, coking coal and molybdenum as well.

Teck is a Canadian company owned by approximately 12,000 shareholders, with over 85% of the shares held by Canadian residents.

The annual meeting of shareholders will be held at the Calgary Inn at 2:30 p.m., January 25, 1977.

MINE MANAGERS

A.W. Foley, Lamaque Mining Company Limited, Val d'Or, Quebec
B.R. Williams, Silverfields Mining Division, Cobalt, Ontario
B.E. Goetting, Beaverdell Mining Division, Kelowna, British Columbia
R. Raby, Niobec Mine, St. Honoré, Quebec
W.J. Hogan, Newfoundland Zinc Mine, Daniel's Harbour, Newfoundland
J.M. Anderson, Afton Mine, Kamloops, British Columbia

EXECUTIVE OFFICE

1199 West Hastings Street, Vancouver, British Columbia V6E 2K5

EASTERN DIVISION

Suite 4900, Box 49, Toronto-Dominion Centre, Toronto, Ontario M5K 1E8

PETROLEUM DIVISION

1530 Aquitaine Tower, 450 - 5th Avenue S.W., Calgary, Alberta T2P 0M2

TRANSFER AGENTS

Guaranty Trust Company of Canada, Toronto, Montreal, Winnipeg and Vancouver
National State Bank of Newark, Newark, New Jersey, U.S.A.

AUDITORS

Coopers & Lybrand, Vancouver, British Columbia

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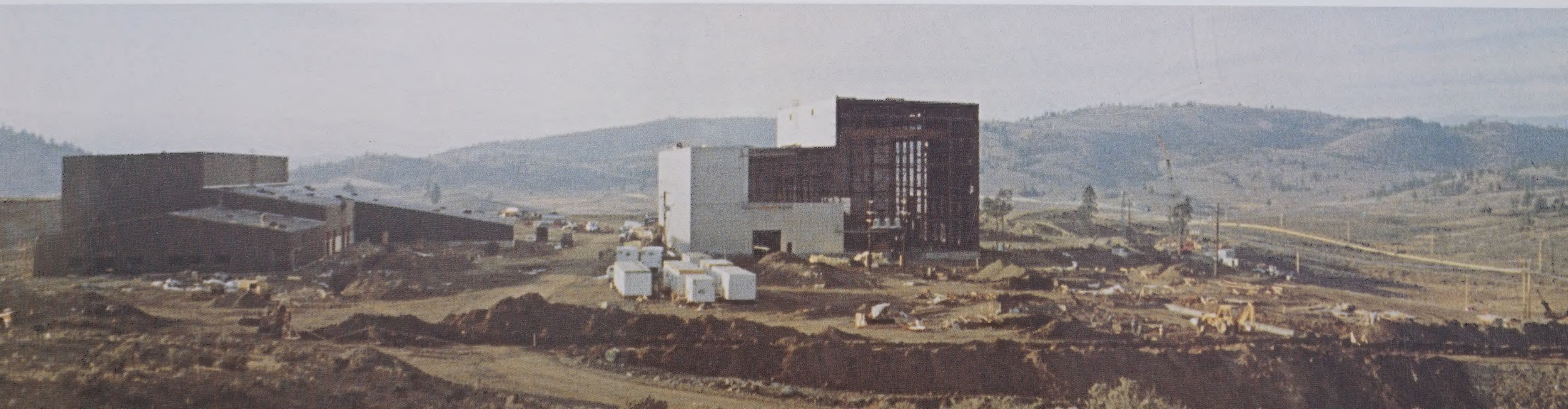
HIGHLIGHTS

- Construction started on Afton copper mine and smelter
- Niobec columbium mine placed into production
- Underground development at Newfoundland Zinc nearly completed
- Natural gas production up 60%
- Airborne geophysical exploration resulted in nickel-copper discovery near Timmins



Panoramic view of Afton during construction. Picture was taken from smelter site in November, showing shop and warehouse complete at left, concentrator building, and water pipeline at right.

Gas well at Swalwell flares during completion.

Newfoundland Zinc's drill jumbo set up at the face. (photograph by John Harquail).

Diamond drilling camp at nickel-copper discovery west of Timmins.

Cattle grazing on Afton's Sugarloaf Ranch, adjoining the mine site.

Report to the Shareholders:

1976 saw continued progress in our expansion and diversification programme.

The Niobec mine was opened officially on June 7, adding columbium to our list of products. Construction on the Afton copper mine and smelter began in May, and is proceeding on schedule for completion late in 1977. At the Newfoundland Zinc mine, 79,000,000 pounds of zinc were produced during the year and underground development was nearly completed by the year end. Natural gas production increased 60% to 1.5 billion cubic feet, with most of the increase coming from new wells in Alberta.

Our mining exploration team discovered a new nickel-copper deposit near Timmins, based upon surveys conducted during the year. This was doubly satisfying because it resulted from specialized airborne geophysical equipment developed by a Teck subsidiary, Geophysical Engineering Ltd.

Also just after the year end, we acquired a 25% interest in North Canadian Oils Ltd., increasing our interest in natural gas production in Alberta and Saskatchewan.

Operating profit from mining and petroleum production increased for the sixth consecutive year to $9,445,000 or $1.39 per share. Net earnings of $1,786,000 or 26¢ per share before extraordinary items were down from last year's 35¢, with reduced profits from our precious metals mines, lower investment income and increased interest and depreciation expense more than offsetting higher petroleum and zinc operating profits. Extraordinary items increased this to 29¢ compared with 36¢ last year.

In the past few years we have successfully strengthened both the company's production and reserve base. This is due in no small part to the organization we have built up, and members of our staff are again to be commended for the excellent job they have done.

In this period of progress our intercorporate structure has grown somewhat complicated, and it is timely now to take steps to simplify this. Since the year end Teck has increased its equity in the Niobec mine to 50% and eliminated its interlocking holding in Copperfields Mining Corporation.

On behalf of the Board,

N. B. Keevil, President

Vancouver, B.C.
December 10, 1976

TECK CORPORATION

PRODUCTION

1. Steelman
2. Cullen
3. Medicine River
4. Virden
5. West Provost
6. Huxley
7. Bantry
8. Vegreville
9. Pelican
10. Portage
11. Retlaw
12. Rigel-Red creek
13. Allingham-Acme
14. Davey Lake-Swalwell
15. Chigwell
16. Freeman Lake
17. Benson
18. Battrum
19. Red Earth
20. North Dakota

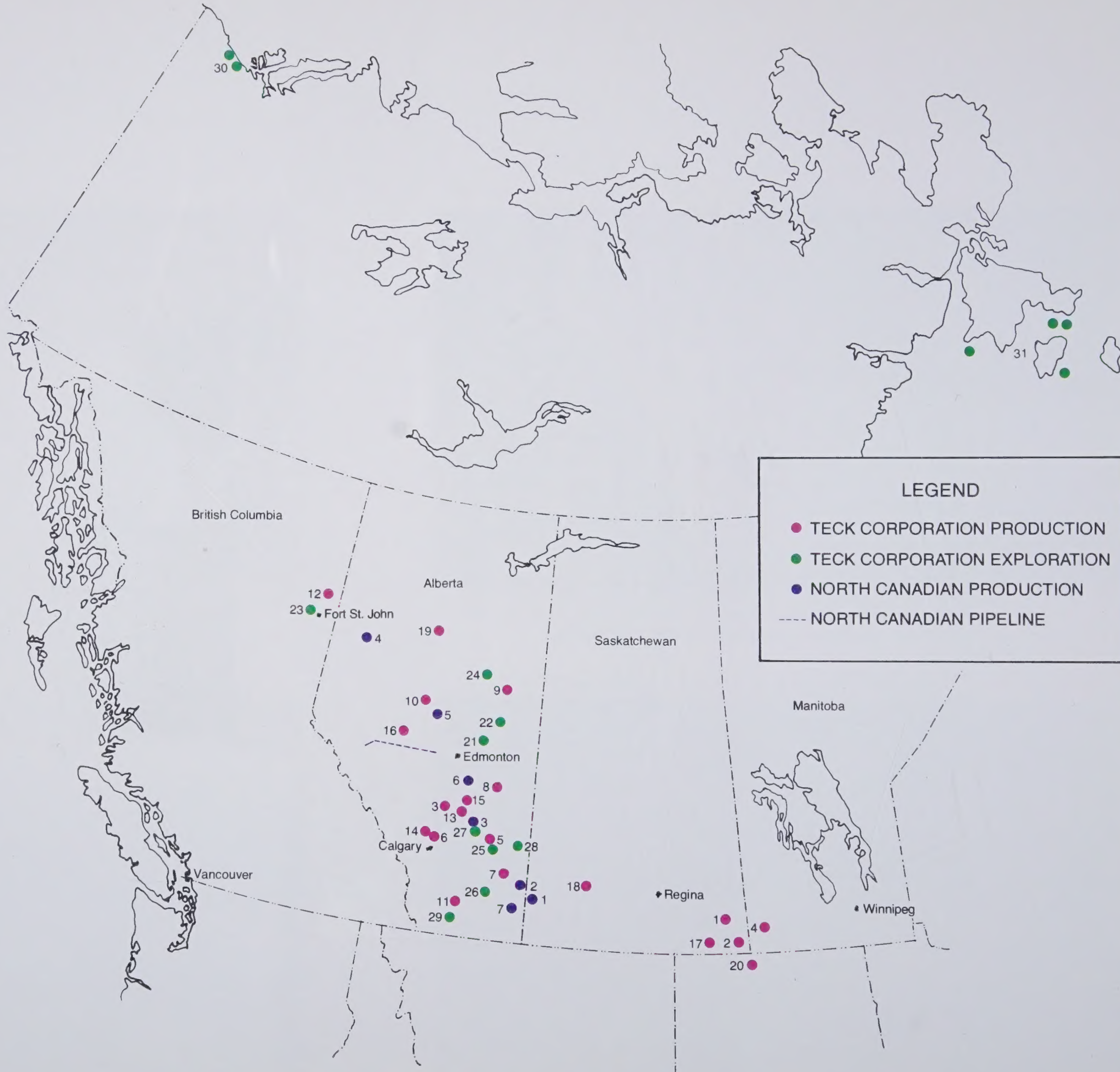
EXPLORATION

21. Bellis
22. Heart Lake
23. Cache Creek
24. Algar
25. Cessford
26. South Alderson
27. Lone Butte
28. Oyen
29. Chin Coulee
30. Mackenzie Delta
31. Hudson Bay
    Severn Basin, U.K.
    Celtic Sea, U.K.

NORTH CANADIAN OILS

PRODUCTION

1. Hatton
2. Atlee-Buffalo
3. Three Hills Creek
4. Dixonville
5. Corbett Creek
6. Joarchim
7. Hilda-Schuler



OIL AND GAS

Teck Corporation produces oil and natural gas from fields in four western Canadian provinces and North Dakota, and the company is active in exploration throughout this region. Since the fiscal year end Teck's petroleum interests were increased through acquisition of a 25% shareholding in North Canadian Oils Limited. The map shows the Canadian exploration and production interests of both companies.

NEW PRODUCTION

New oil production in 1976 came from fields at Allingham, Davey Lake, Swalwell, Chigwell and Freeman Lake in Alberta and at Red Creek in British Columbia. New gas production began at Retlaw, Alberta and Rigel, British Columbia. All of these resulted from exploration or development wells drilled by Teck and partners in recent years. Further new gas production is expected from Bellis in Alberta and Cache Creek in British Columbia in the next fiscal year.

Overall, natural gas production increased to 1,504,615 mcf from 964,929 mcf last year, with the biggest factor being a full year's production from the Bantry field in Alberta, which began operation last year. Production from Bantry should increase again next year with the addition of a second producing unit about mid-year. Oil production was down slightly to 992,888 barrels, compared with 1,031,646 barrels a year ago.

Production by fields for the last five years is summarized on the next page.

DEVELOPMENT DRILLING

Teck participated directly in 111 development wells during fiscal 1976, with 99 in Alberta, 6 in Saskatchewan and 6 in North Dakota. Of the 99 in Alberta, 88 were completed as gas wells, 6 as oil wells and 5 were abandoned. All 6 in Saskatchewan and 3 in North Dakota were completed as oil wells.

In addition, 4 wells were drilled by other companies on acreage farmed out by Teck. These resulted in 2 gas wells, one in Alberta and one in British Columbia, and an oil well in North Dakota.

EXPLORATION

Teck participated directly in 35 exploratory wells in 1976, with 22 in Alberta, one each in British Columbia and Ontario, and 11 in North Dakota. This resulted in 8 gas wells and 4 oil wells in Alberta, one oil well in North Dakota, and an oil well which will also be completed as a gas producer in British Columbia.

A further 21 wells were drilled by other companies under farmout arrangements, with 2 in England, one in Alberta and 18 in North Dakota. These resulted in one new oil well in North Dakota. Teck also supported the drilling of 7 exploratory wells near Teck lands in North Dakota by cash payments and farmout options. Two of these were completed as oil wells.

United Kingdom

Teck has 331,000 net acres of onshore petroleum lands in the Severn Basin area of south-central England. Two wells were drilled under farmout by a major international oil company during 1976, but both were dry holes. Just after the fiscal year end Teck and partners drilled and abandoned a third well on another part of this acreage. Although dry, all of these wells provided geological information, and led to a decision to carry out additional seismic surveys in the coming winter.

Teck also has 10,600 net acres in the Celtic Sea, off southwestern England, where there is a considerable amount of drilling activity by other companies.

MacKenzie Delta

There was no activity on Teck's 8,600 net acres in the MacKenzie Delta this year. The general level of activity in this area has slowed, pending completion of government studies and concrete steps towards pipeline decisions.

Alberta

In a new exploration play in the *Chigwell* area, Teck participated in 4 wells during the year, completing 2 as oil wells and 2 as combined oil and gas wells. Since the fiscal year end 5 additional wells have been drilled, with 2 completed as oil wells, one as a gas well, and 2 in the process of completion and evaluation. Approximately 12 more wells are planned for 1977.

Two potential gas wells were drilled in the *Cessford* area and, combined with an earlier 1973 well, should be placed on production in 1977. Two Viking gas wells in the *Heart Lake* area and two Pekisko oil wells in the *Allingham* area should also be placed on production during the next year.

Other successful drilling areas which require further evaluation include a Pekisko oil well at *Acme*, a Belly River gas well at *Oyen*, a Medicine Hat gas well at *Lone Butte* and a Grosmont gas well at *Algar*.

After the fiscal year end a dual zone Cretaceous gas well was completed in the *Stanmore* area and 7 potential shallow Cretaceous gas wells were drilled at *South Alderson*. Work in both of these areas is continuing.

RESERVES

Proven and probable reserves at the year end were 10.0 million barrels of recoverable crude oil and natural gas liquids and 42.0 billion cubic feet of natural gas. This compares with 10.9 million barrels and 46.1 billion cubic feet last year.

NORTH CANADIAN OILS

Teck increased its interest in natural gas production in October 1976 through the purchase of a 25% share interest in North Canadian Oils Limited.

North Canadian's gross proven recoverable reserves as of December 31, 1975 were 726 billion cubic feet of natural gas, of which approximately 33% is in Alberta and the remainder is Saskatchewan. Production in the fiscal year ending December 31, 1975 was 18,800,000 mcf of natural gas and 53,000 barrels of oil.

North Canadian is also active in oil and gas exploration in Canada, and is participating in exploration of an 8.5 million acre petroleum licence in India.

The location of North Canadian's production is shown on the map on page 4.

TECK OIL & GAS PRODUCTION

OIL (barrels)	1976	1975	1974	1973	1972
Steelman, Saskatchewan	817,350	860,761	936,246	1,023,836	1,164,584
Cullen, Saskatchewan	33,434	47,003	66,112	58,671	66,829
Medicine River, Alberta	46,363	54,409	47,700	56,582	35,820
Virden, Manitoba	22,390	27,676	41,120	39,722	31,439
Other	37,936	33,185	57,712	61,607	54,093
Canadian total	957,473	1,023,034	1,148,890	1,240,418	1,352,765
North Dakota	35,415	8,612			
	992,888	1,031,646	1,148,890	1,240,418	1,352,765

GAS (mcf)					
West Provost, Alberta	278,280	364,268	494,747	537,187	549,840
Medicine River, Alberta	42,229	52,279	72,917	137,428	38,014
Huxley, Alberta	54,348	69,000	81,840	55,688	16,182
Bantry, Alberta	805,963	262,444			
Vegreville, Alberta	56,290	49,174			
Pelican-Portage, Alberta	108,307	166,537			
Retlaw, Alberta	67,658				
Rigel, British Columbia	73,583				
Other	17,957	1,227			
	1,504,615	964,929	649,504	730,303	604,036

W.H. Bowles and A.R. Keevil

NORTH CANADIAN PRODUCTION

	1976*	1975	1974	1973	1972
OIL (barrels)	38,000	53,000	132,000	226,000	69,000
GAS (mcf)	12,400,000	18,800,000	15,500,000	14,500,000	14,300,000

*9 months to September 30, 1976

TECK METALS PRODUCTION

	1976	1975	1974	1973	1972
Silver (ounces)	786,178	1,094,936	1,200,056	1,864,957	2,004,873
Gold (ounces)	62,157	54,926	55,850	63,117	81,815
Columbium oxide (pounds)*	512,000				
Zinc (pounds)*	50,308,000	9,109,000			

*Teck's share

GOLD

Teck's oldest mine is the Lamaque gold mine at Val d'Or, Quebec, which has now been in continuous production for 41 years.

Lamaque produced 62,157 ounces of gold during the year, a 13% increase from 54,926 ounces in 1975. Operating costs were reduced from $16.32 to $15.20 per ton mined, with a stringent cost-cutting programme and increased mill throughput. Both of these helped to offset partially the drastic drop in the average price of gold from $169 per ounce last year to $124 this year.

Sales revenue was down from $9,312,000 to $7,742,000 and operating profit was down from $1,610,000 to $283,000. The fact that an operating profit was realized despite the low price of gold is a tribute to the staff and work force at the mine, who were able to lower the operating cost of producing an ounce of gold from $140 to $120.

Exploration and development continued in the high grade veins near the old No. 2 shaft, and this area contributed heavily to production this year. Ore reserves at year end were 421,057 tons averaging 0.142 ounces of gold per ton, compared with 545,833 tons at 0.143 ounces last year.

The future of Lamaque depends entirely on the price of gold. Unit costs for materials and wages continue to increase and, unless the gold price improves substantially, the life of the mine is limited.

The outlook for the price of gold in the short term is difficult to assess. The United States, dedicated to demonetarizing gold and forcing the price down, has exerted powerful influence on the International Monetary Fund to sell its gold reserves into the market. During 1976 the Fund dumped 2,340,000 ounces at auctions at $109 to $126 per ounce, and it had reserves of 22,660,000 ounces left at year end.

The irony is that if the price is held at a depressed level for too long many mines whose costs are now over $100 per ounce will be forced to close. In the end, world production will be lower and the price of gold will rise higher than it would have otherwise.

SILVER

Teck produces silver from the Silverfields mine at Cobalt, Ontario and the Beaverdell mine near Kelowna, British Columbia.

Silverfields was closed by a strike between July 12, 1975 and mid-February, 1976. During the 7½ months of operation the mine produced 416,273 ounces of silver from 55,367 tons of ore grading 7.2 ounces per ton. This compares with 735,495 ounces from 68,226 tons at 11.4 ounces per ton in the 9½ months of operation last year.

The lower grade of ore mined this year reflected a low grade phase in the shrinkage stoping schedule. Ore reserves at the year end were 223,192 tons grading 10.5 ounces of silver per ton, compared with 267,990 tons at 10.4 ounces last year.

Sales revenue in the 7½ months was $1,945,000 and operating profit $204,000 compared with $2,944,000 and $1,097,000 for 9 months last year.

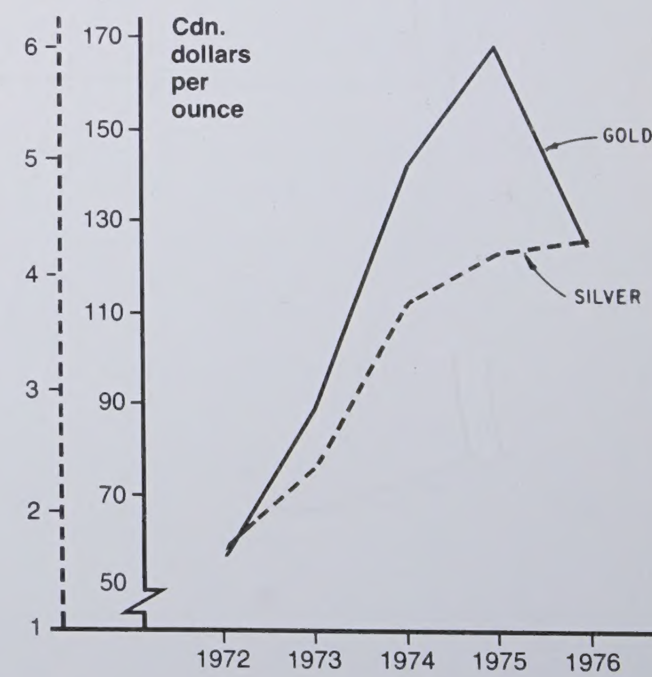
Beaverdell produced 369,905 ounces of silver this year from 38,750 tons grading 10.3 ounces per ton. This compares with 359,441 ounces from similar tonnage and grade last year.

Sales revenue was $1,615,000 and operating profit $165,000 compared with $1,640,000 and $282,000 last year.

The repeal of British Columbia's Mineral Land Tax Act has been important to Beaverdell, permitting it to maintain a reasonable profit level despite increased costs and lower metal prices. It will also help to prolong the life of the mine since the Land Tax was not a tax but a gross royalty under another name, and royalties tend to force high grading, reduction in reserves and a shorter operating life.

The average price received for silver was $4.23 per ounce, compared with $4.10 a year ago. The outlook for silver is for improvement in prices as the economies of the major consuming countries recover from recession.

See page 10 for location of Beaverdell.



AVERAGE PRECIOUS METAL PRICE

ZINC

Teck produces zinc from a new mine near Daniel's Harbour, on the northwestern coast of Newfoundland. The mine is owned jointly by Teck (63.4%) and a subsidiary of Amax Inc., and is managed by Teck. The company has an additional interest in zinc production through its 5% shareholding in Mattagami Lake Mines Ltd., which operates zinc mines in Quebec and Ontario.

Newfoundland Zinc was brought into production in June 1975 at a construction cost of $18,000,000. Since then the mill has operated partly on production from small open pits and partly from underground ore, while the main underground workings were being developed.

This development involved driving a 5,300 foot decline to a depth of 450 feet, establishment of a raise to surface, and installation of sumps and pumping facilities at the bottom. It was essentially completed shortly after the fiscal year end.

Production during 1976 was 79,300,100 pounds of zinc from 508,126 tons of ore grading 8.1% zinc. This consisted of 265,580 tons grading 9.7% zinc from underground and 226,497 tons grading 6.0% zinc from the open pits, with the balance coming from the development stockpile.

It is anticipated that mining costs will be lower next year now that development is completed, full pumping facilities have been installed and as the training programme for local residents, who make up most of the work force, progresses. One problem last year was a loss of production due to power interruptions on the main hydro transmission line. It is planned to increase throughput above 1,500 tons per day to offset the effect of these outages.

Teck Corporation's share of sales revenue was $18,342,000 resulting in an operating profit of $3,646,000.

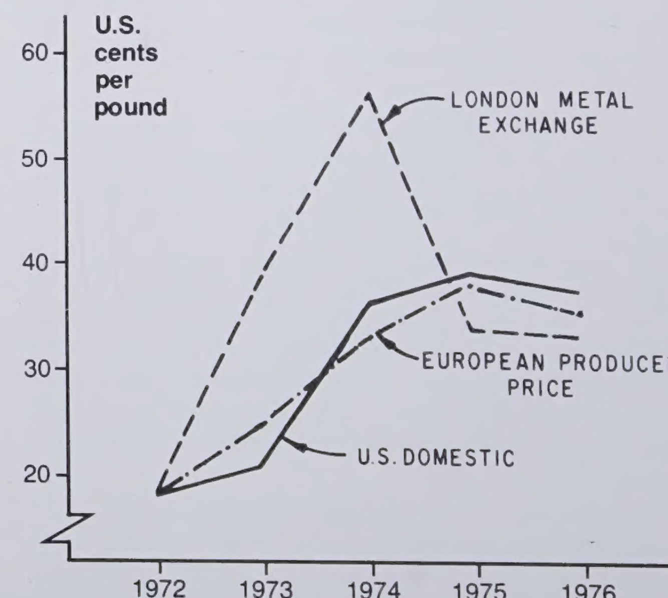
Ore reserves at the year end were 3,800,600 tons grading 8.9% zinc, after allowance for mining dilution.

Teck's share of concentrate production is sold to Noranda Sales Ltd. and is refined by a Mattagami subsidiary at Valleyfield, Quebec, with sales based on the European Producers' Price.

Mattagami Lake Mines Ltd. operates a 3,800 tons per day zinc-copper mine at Mattagami, Quebec, owns 60% of a 3,000 tons per day zinc-copper mine at Sturgeon Lake, Ontario and has a 53% interest in Canadian Electrolytic Zinc's Valleyfield refinery. Teck has a 5% interest in Mattagami, having participated in the discovery of its original Quebec orebody, and received $665,000 in dividend income from it during 1976.

There are three basic prices for zinc, the European Producers' Price, a small range of prices established by producers in the North American market, and the London Metal Exchange price. Unlike copper, very little zinc is sold through the LME, where the price tends to be volatile and unrepresentative of the main market.

Zinc consumption increased only modestly through the fiscal year, as the economies of the main industrial countries continue to recover slowly. The price did not keep pace with inflation, with the EPP beginning the year at 38¢ Canadian per pound and ending at 36¢. The subsequent overdue correction of the Canadian dollar will help to improve this in the coming year.



AVERAGE ZINC PRICE

COLUMBIUM

Teck produces columbium from the new Niobec mine near Chicoutimi, Quebec. The mine, managed by Teck Corporation, was developed jointly by Teck (25%), Copperfields Mining Corporation (25%) and Soquem Ltée, a Quebec Crown Corporation. Subsequent to the fiscal year end Teck purchased Copperfields' interest and now holds a 50% equity.

Niobec was opened officially in June 1976, after a two year construction and mine development programme costing approximately $18,000,000.

The mine was developed through a 950 foot vertical shaft, with mining carried out from three levels using a large diameter, blast-hole stoping method. Trackless load-haul-dump units move the ore from draw points to the underground crushing system at the 750 level. The milling process consists of several stages of flotation followed by acid leaching, and the resulting concentrate is sold under long term contracts to customers in Europe, Japan and North America.

Results to date have been satisfactory. Underground mining and development have proceeded according to plan and cost performance has been excellent.

Considerable progress has been made in the mill, but recovery has not yet reached design levels. The mill is running well mechanically and no problem has been encountered achieving specifications necessary for a saleable product. It is expected that recovery will continue to improve to close to the designed level of 70%.

Ore reserves defined for purposes of mine planning were 8,200,000 tons grading 0.72% columbium oxide at the fiscal year end. Geological indications from widely-spaced drilling are that ultimate reserves will be considerably higher.

Columbium is used primarily as an alloying agent in steels, with particular application in pipeline steel. The metal also has potentially important applications in the field of superconductivity, and a considerable amount of research and development is being carried out in this area.

Hon. Roland Michener, Teck chairman, officially opened the Niobec Mine in June, 1976

COPPER

Teck Corporation's most important interest in copper is through Afton Mines Ltd., a subsidiary which is currently developing an $80,000,000 copper mine and smelter near Kamloops, British Columbia. Teck also has interests in several large undeveloped copper deposits and a 25% interest in Madeleine Mines Ltd., which operates a copper mine in Quebec.

Construction of the *Afton* Mine began in May this year. The project consists of an open pit mine and concentrator with a capacity of 7,000 tons of ore per day. Mill output will be carried by pipeline to a smelter being built on the property, and this will produce 50-60,000,000 pounds of blister copper per year.

Construction has proceeded at a rapid pace despite two province-wide labour disputes that resulted in eight weeks of work stoppage over the summer. Because the ultimate completion date is based primarily on equipment deliveries, these stoppages should not have a bearing on scheduled startup late in 1977.

The erection and cladding of the shop-warehouse-changehouse building has been completed. Structural steel erection on the concentrator is finished with cladding well underway, and steel erection for the smelter is in progress. It is anticipated that these buildings will be completed to the stage where equipment installation can be carried on throughout the winter months.

By the fiscal year end $17,600,000 had been spent and a further $18,600,000 committed on equipment purchases. Current forecasts are that the project will be completed on schedule within the $80,000,000 budget.

Ore reserves within the planned open pit are 34,000,000 tons grading 1.00% copper, with approximately $2.00 per ton in gold and silver values. The orebody continues beneath the pit limits and it is anticipated that an underground mine will eventually be developed.

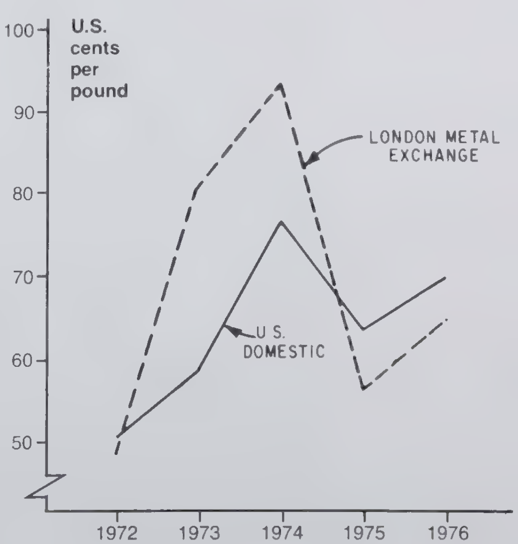
Teck has a further interest in copper production through its 25% shareholding in *Madeleine*, resulting from its role as co-discoverer of that orebody. Madeleine contributed $518,000 in dividend income to Teck in 1976. After the year end, that company announced plans to suspend operations early in 1977, pending an improvement in copper prices.

Teck also has interests in several undeveloped copper deposits through shareholdings in associated exploration and development companies.

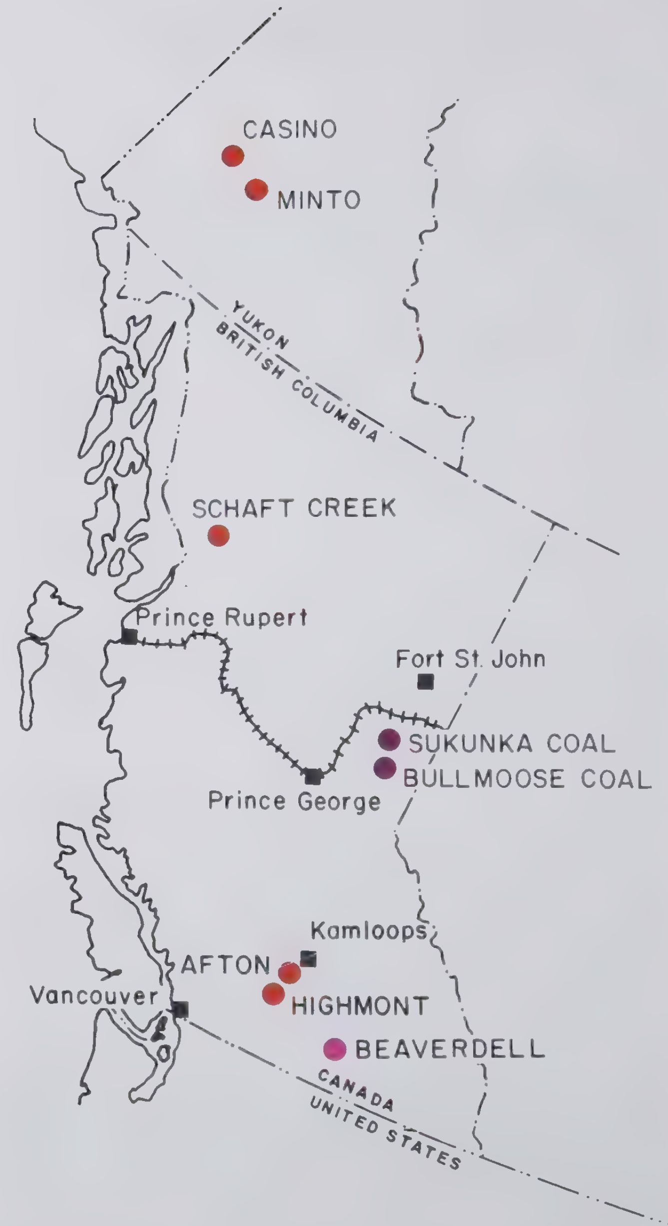
These include the *Minto* copper deposit in the Yukon and *Schaft Creek* in northern British Columbia, in both of which affiliated Silver Standard Mines Ltd. has interests. Reserves are 7,220,000 tons grading 1.86% copper at Minto and approximately 300,000,000 tons grading 0.36% copper and 0.03% molybdenite at Schaft Creek.

Teck also has an interest in the *Highmont* deposit in the Highland Valley district of British Columbia, both directly and through shareholdings in Highmont Mining Corporation. Reserves here are 145,000,000 tons grading 0.27% copper and 0.046% molybdenite.

The majority of copper produced outside the United States is sold at the London Metal Exchange price, and this will be the case with Afton. The price of copper has been weak throughout 1976, after reaching a peak of $1.40 per pound in 1974. The recent range of 55-60¢ is below the cost of production for many operators, and below that necessary to justify substantial new production around the world, generally accepted to be 95¢ to $1.00 per pound in current dollars, so that an increase to more realistic levels is likely over the next few years. Fortunately, the grade at Afton is high enough to withstand periodic vicissitudes in the copper price cycle.



AVERAGE COPPER PRICE



COKING COAL

Teck has an interest in substantial undeveloped coking coal reserves in the Peace River district of northeastern British Columbia. Most of this is held through Brameda Resources Ltd. in which Teck has a 47% share interest.

Brameda's *Sukunka* project consists of 41 square miles of coal licences on which extensive exploration, underground trial mining, trial shipments and engineering have been carried out since 1970. The initial work was financed by Brameda, with Teck's support, and work between 1971 and mid-1976 was financed by Brascan Resources Ltd. which had an option to place the property into production. This option has expired, and Brascan now has a 12.5% working interest in the project, with Brameda holding 87.5%.

Reserves outlined to date consist of 130,000,000 tons of excellent coking coal. It is classified as low-medium volatile coal with low ash (5% after washing), low sulphur (0.5%), and excellent coking characteristics including a Free Swelling Index of 8 to 9.

This tonnage is sufficient to support a 1.5 to 2 million tons per year underground operation for many years.

Teck and Brameda are jointly exploring the *Bullmoose* coal property, adjoining Sukunka on the south. Exploration is less advanced, but there are indications of mineable underground reserves in the same Chamberlain coal seam that contains the main reserves at Sukunka, as well as the possibility of open pit coal reserves in the Gates seam, which is important on Denison's Quintette property to the south.

The Governments of British Columbia and Canada are now considering ways in which to provide or encourage the rail transportation and harbour facilities that are crucial to development of all of these coal deposits, and some concrete decisions are anticipated in the coming year.

NICKEL

Teck and two partners, Metallgesellschaft of Germany and Domik Explorations of Japan, discovered a nickel-copper deposit near Timmins, Ontario shortly after the fiscal year end.

The discovery resulted from airborne geophysical surveys carried out during the year by the three companies. The programme was managed by Teck subsidiary Geophysical Engineering Ltd. and was based upon the Dighem airborne electromagnetic system, developed earlier by Geophysical.

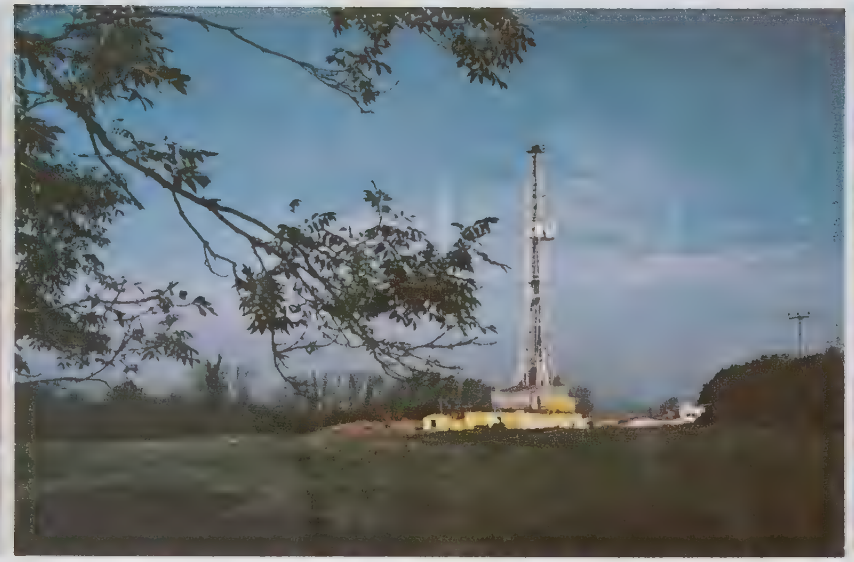
Mineralization consists of chalcopyrite and pentlandite in two sulphide zones separated by a granite dyke about 80 feet thick. The zones are complicated by faulting and/or folding, and fill-in drilling will be necessary to better define them before reserve calculations and mine planning can be undertaken.

Initial bench scale tests have indicated that an acceptable recovery of both nickel and copper can be achieved by conventional flotation methods, with concentrate grades running 10% nickel and 25% copper.

Each of Teck and its two partners has a 33.3% working interest in the venture. In addition, Teck's 75%-owned Geophysical Engineering has a 10% carried interest, so that Teck's net equity is 37.5%. Another company which participated in earlier airborne surveys with the Syndicate has alleged that it should have a 25% working interest in this project. Teck and its partners see no basis for this allegation, but the matter is under discussion.

Teck and partners in the Dighem Syndicate are exploring for base metal deposits in a number of other areas in Ontario and Quebec, in a continuing programme of airborne surveys followed by ground geophysics, mapping and drilling.

Hon. Roland Michener at the Newfoundland Zinc portal.



One of the three wells drilled on Teck's U.K. petroleum acreage this year.

Four miles of the Trans-Canada Highway were relocated during the early stages of construction at Afton.

A.J. Hartlein, J.A. Kelly and Dr. Matthew Blecha of Geophysical Engineering on the new nickel property near Timmins.

J.L. May, Geophysical Engineering president, examines drill core from the nickel discovery.

Bench scale tests indicate good nickel and copper recovery and concentrate grade.



On the Afton site in November are C.H. Lighthall, construction superintendent, Teck president Dr. N.B. Keevil, Teck executive vice president Dr. N.B. Keevil Jr., Afton mine manager J.M. Anderson and Teck vice president R.E. Hallbauer.

Meteorological research, as part of Afton's environmental protection programme, includes radio-tracking of two wind balloons every day.

Structural steel work on the smelter was well under way in November, 1976.

External work on the shop-warehouse-changehouse complex was nearly completed by mid-November. The Metro Brown colour blends well into the landscape.

FINANCIAL

	1976	1975
Gross sales revenue	$40,874,000	$25,745,000
Royalties on petroleum	4,259,000	3,723,000
Net sales revenue	36,615,000	22,022,000
Operating profit from petroleum	5,147,000	3,392,000
Operating profit from mining	4,298,000	3,955,000
Investment and other income	1,254,000	2,068,000
Net earnings before taxes and royalties	7,779,000	8,264,000
Taxes and royalties	5,993,000	5,841,000
— per share	88¢	86¢
Net earnings (ordinary)	1,786,000	2,423,000
— per share	26¢	35¢

CASH FLOW

Cash flow before non-cash charges amounted to $6,069,000 or 89¢ per share, compared with $5,235,000 or 77¢ per share last year.

Teck's share of capital expenditures amounted to $17,049,000 compared with $12,617,000 last year. Consolidated expenditures on the Afton project amounted to $12,552,000. Capital expenditures at operating mines (primarily Newfoundland Zinc) were $2,407,000, expenditures on petroleum properties were $1,400,000 and on mineral properties $690,000.

EARNINGS

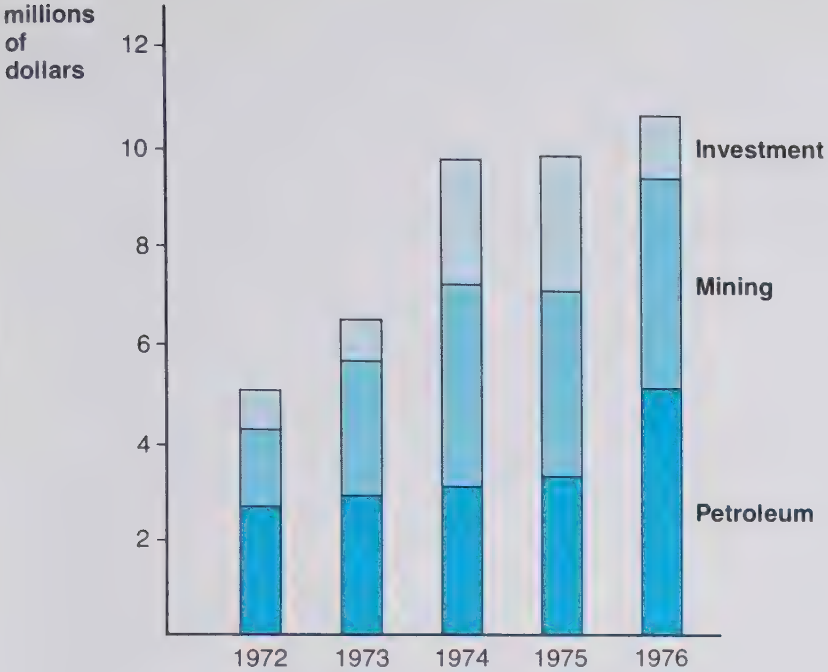
Net earnings before extraordinary items amounted to $1,786,000 (26¢ per share) compared to $2,423,000 (35¢ per share) last year. Extraordinary items added $216,000 for total earnings of $2,002,000 (29¢ per share).

Operating profit from petroleum operations increased from $3,392,000 to $5,147,000 as a result of higher oil prices, higher prices for natural gas and a 60% increase in natural gas production. Operating profit from gold and silver mines decreased from $2,989,000 to $652,000 primarily due to lower gold price and a strike at the Silverfields mine. Our share of the Newfoundland Zinc operation resulted in an operating profit of $3,646,000 compared to $966,000 last year, reflecting a full year's operation.

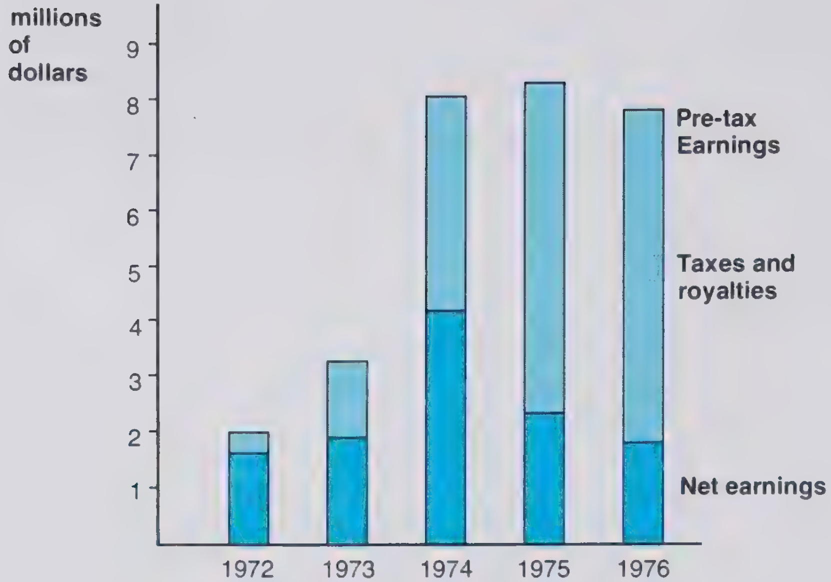
Investment and other income declined from $2,068,000 to $1,254,000 partly because of a lower dividend from Mattagami and partly because last year's income included a gain on silver hedging of $533,000. Madeleine Mines Ltd., which contributed dividend income of $518,000, has announced a temporary shutdown in its operations pending an improvement in copper prices and is not expected to pay dividends next year.

Total government royalties, mining and income taxes amounted to $5,993,000 (88¢ per share), a small increase from last year. This amount when related to net earnings of $1,786,000 (26¢ per share) indicates that, even though improvements have been made, taxation of resource income is still excessive.

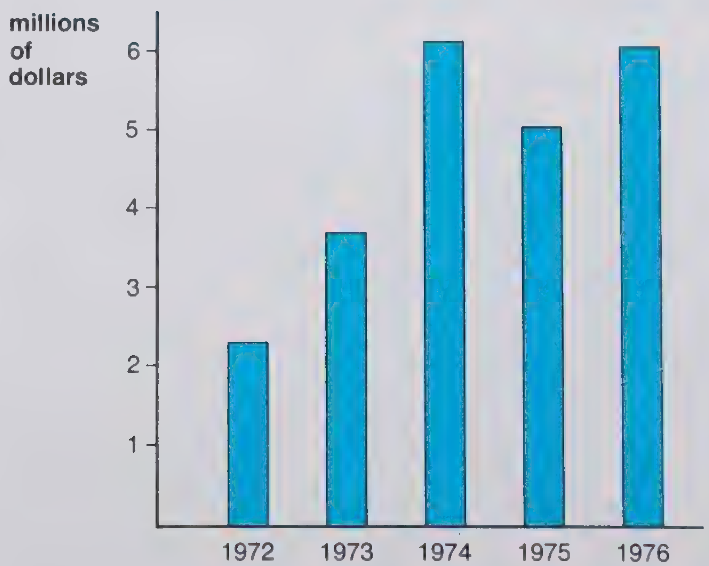
D.L. Hiebert



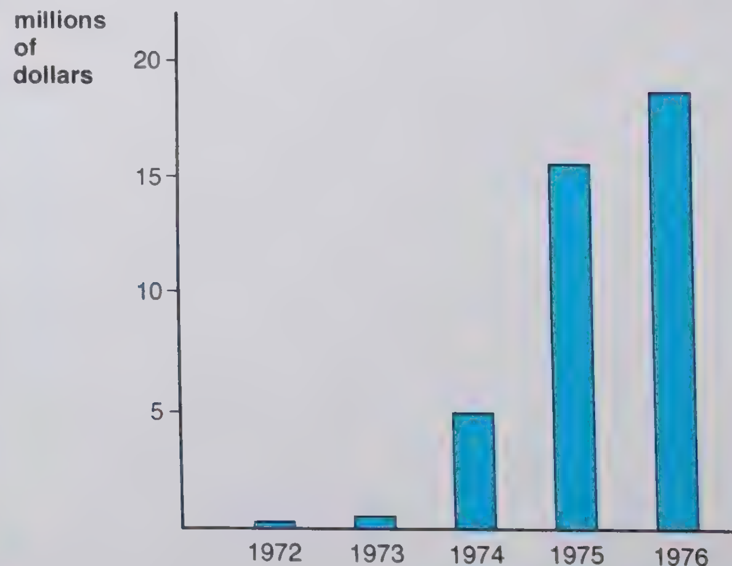
OPERATING PROFIT *has increased substantially over the last five years. Although investment income was down in 1976, profits from Teck's own petroleum and mining operations were at an all time high, and should again be in 1977.*



NET EARNINGS *have not parallelled growth in pre-tax earnings, cash flow and operating profit because of increasing tax and royalty rates, higher interest and amortization costs associated with expansion, and recent lower metal prices. Earnings are expected to begin increasing in 1977.*



CASH FLOW *continued to grow at a steady pace with increased production and should increase again in 1977.*



CAPITAL EXPENDITURES *have increased significantly with the development of three new mines and new gas production. They will be at a high level through fiscal 1977 as construction continues at Afton.*

Consolidated Balance Sheet as at September 30, 1976

ASSETS	1976 $	1975 $
Current Assets		
Cash and short term deposits	2,935,000	224,000
Concentrates, bullion and settlements receivable	6,343,000	3,645,000
Accounts receivable	2,013,000	2,472,000
Mortgage, debenture and loans receivable from an effectively controlled company	4,423,000	3,672,000
Marketable securities at cost (quoted market value 1976 — $12,332,000; 1975 — $9,970,000) (notes 6 and 9)	6,199,000	6,048,000
Supplies — at cost	1,306,000	1,119,000
Deposits and prepaid expenses	314,000	404,000
	23,533,000	17,584,000
Investments in and Advances to Effectively Controlled Companies and Corporate Joint Ventures (notes 3 and 6)	7,145,000	22,601,000
Investments in and Advances to Related and Other Companies (notes 4 and 6)	7,113,000	10,393,000
Property, Plant and Equipment		
Producing petroleum properties including well development expenditures — at cost less accumulated depletion (1976 — $5,952,000; 1975 — $5,639,000)	3,356,000	3,168,000
Non-producing petroleum properties — at cost, less amortization (1976 — $1,239,000; 1975 — $930,000)	3,018,000	2,592,000
Mineral properties, rights and deferred costs — at cost less amortization	34,764,000	6,780,000
Plant and equipment (note 5)	30,000,000	13,262,000
	71,138,000	25,802,000
	108,929,000	76,380,000

LIABILITIES	1976 $	1975 $
Current Liabilities		
Bank loans (notes 3 and 6)	15,333,000	8,737,000
Accounts payable and accrued expenses	4,505,000	3,450,000
Income and other taxes	266,000	517,000
	20,104,000	12,704,000
Long-Term Debt (note 6)	34,349,000	17,885,000
Deferred Income and Mining Taxes	7,595,000	6,117,000
Minority Interest	6,627,000	1,423,000
	68,675,000	38,129,000
SHAREHOLDERS' EQUITY		
Capital Stock (note 7)		
Authorized —		
7,500,000 Class "A" shares without nominal or par value		
17,500,000 Class "B" shares without nominal or par value		
Issued and fully paid —		
4,903,620 Class "A" shares	14,021,000	14,021,000
1,914,239 Class "B" shares	11,137,000	11,136,000
6,817,859	25,158,000	25,157,000
Retained Earnings	15,096,000	13,094,000
	40,254,000	38,251,000
	108,929,000	76,380,000

Signed on behalf of the Board

Director

Director

Consolidated Statement of Earnings for the Year ended September 30, 1976

	1976 $	1975 $
Revenue from petroleum operations	6,971,000	4,756,000
Revenue from mining operations	29,643,000	17,266,000
	36,614,000	22,022,000
Gross operating profit		
—petroleum operations	5,147,000	3,392,000
—mining operations	4,298,000	3,955,000
Investment and other income	1,254,000	2,068,000
Technical services	161,000	164,000
	10,860,000	9,579,000
Less: Administrative and general expenses	1,234,000	1,045,000
Interest expense — long-term	1,438,000	650,000
— other	617,000	286,000
Petroleum and mining exploration	1,246,000	1,776,000
	4,535,000	3,757,000
Operating profit before the following	6,325,000	5,822,000
Depletion, depreciation and amortization	2,616,000	1,162,000
Minority interest in net (earnings) losses of subsidiaries	(33,000)	3,000
	2,583,000	1,165,000
	3,742,000	4,657,000
Income and mining taxes — current	256,000	587,000
— deferred	1,424,000	1,531,000
	1,680,000	2,118,000
	2,062,000	2,539,000
Equity in (losses) of effectively controlled companies and corporate joint venture (note 2)	(222,000)	(116,000)
Deferred income taxes resulting from equity accounting	(54,000)	
	(276,000)	(116,000)
Net earnings for the year before extraordinary items	1,786,000	2,423,000
Extraordinary items		
Gain on disposal of investments and marketable securities	109,000	88,000
Equity in extraordinary (losses) of effectively controlled companies		(105,000)
Other	107,000	62,000
	216,000	45,000
Net earnings for the year	2,002,000	2,468,000
Earnings per share		
Before extraordinary items	26¢	35¢
After extraordinary items	29¢	36¢

Consolidated Statement of Changes in Financial Position for the Year ended September 30, 1976

	1976 $	1975 $
Source of Working Capital		
Earnings before extraordinary items	1,786,000	2,423,000
Add items not affecting working capital:		
Depletion, depreciation and amortization	2,616,000	1,162,000
Minority interest in net (earnings) losses of subsidiaries	(33,000)	3,000
Equity in losses of effectively controlled companies and corporate joint venture	276,000	116,000
Deferred income and mining taxes	1,424,000	1,617,000
Total from operations before extraordinary items	6,069,000	5,321,000
Extraordinary items affecting working capital:		
Sale of investments and marketable securities	109,000	151,000
Other	107,000	159,000
Reclassification of provision for loss		984,000
Long-term debt	12,691,000	9,324,000
Issue of shares	1,000	
	18,977,000	15,939,000
Use of Working Capital		
Acquisition of subsidiaries (note 2)	367,000	
Minority interest in previously consolidated subsidiary now accounted for as a corporate joint venture		196,000
Mineral properties, rights and deferred costs	690,000	595,000
Producing petroleum properties	591,000	1,059,000
Non-producing petroleum properties	809,000	782,000
Plant and equipment	14,959,000	10,181,000
Investments in and advances to effectively controlled companies and corporate joint venture	697,000	149,000
Investments in and advances to related and other companies	195,000	2,065,000
Term bank loans paid or currently maturing	2,120,000	400,000
	20,428,000	15,427,000
(Decrease) Increase in Working Capital	(1,451,000)	512,000
Working Capital — Beginning of Year	4,880,000	4,368,000
Working Capital — End of Year	3,429,000	4,880,000

Consolidated Statement of Retained Earnings for the Year ended September 30, 1976

	1976 $	1975 $
Balance — Beginning of Year		
As previously reported	13,154,000	10,626,000
Adjustment of prior year's earnings (note 12)	(60,000)	
As restated	13,094,000	10,626,000
Net earnings for the year	2,002,000	2,468,000
Balance — End of Year	15,096,000	13,094,000

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Teck Corporation Limited as at September 30, 1976 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the company as at September 30, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
November 23, 1976

Coopers & Lybrand

CHARTERED ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1976

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the company and all of its subsidiaries:

Afton Mines Ltd. (N.P.L.), Bartec Mining Company Limited, Beacon Mining Company Limited, Burnaby Iron Mines Limited, Cariboo-Bell Copper Mines Ltd., Dighem Limited, Geophysical Engineering Limited, Iso Mines Limited, Lamaque Mining Company Limited, Pine Bell Mines Limited, Teck Corporation (B.C.) Limited, Teck Resources (U.K.) Limited, Teck Resources (U.S.) Inc., Villemaque Gold Mines Limited.

The company accounts for its proportionate share of the assets, liabilities and operations of its corporate joint ventures, Newfoundland Zinc Mines Limited and Tecam Limited in which it has direct asset ownership, on the line by line consolidation basis.

Translation of foreign currencies

The accounts of the company's foreign subsidiaries are translated into Canadian funds for consolidation with the company's accounts. Current assets and liabilities are converted at year-end rates, other assets (and related depreciation, depletion and amortization) at the rates prevailing at the date of acquisition. Amounts (other than accumulated depreciation, depletion and amortization) appearing in the statement of earnings are translated at the average exchange rates for the year.

Investments in effectively controlled companies and corporate joint ventures

The company follows the equity method of accounting for its investments in companies in which it owns from 20% to 50% and of which it deems itself to have effective control. Under this method the company records its share of earnings (rather than dividends) and losses of these companies. The excess of the cost of these investments over the related underlying equity in the net assets of the investee companies relates to mineral properties and will be amortized over the estimated life of the orebody upon commencement of production therefrom.

The company also follows the equity method of accounting for corporate joint ventures where there is no direct asset ownership.

Property, plant and equipment

(a) Petroleum properties and well development expenditures

The practice of the company is to capitalize lease acquisition costs and drilling and development expenditures of producing wells. Depletion of such costs and depreciation of related production equipment are provided on a unit of production method based on estimated recoverable reserves.

Provision is made for future write offs at a rate of 8% per annum of the cost of non-producing properties not yet abandoned. Petroleum exploration costs are charged against earnings as incurred.

(b) Mineral properties, rights, and deferred costs

Mineral properties and rights are carried at cost to date, less amortization of certain rights and do not necessarily reflect present or future values. Mineral exploration costs are charged to earnings in the year in which they are incurred, except where these costs relate to specific areas having indicated economically recoverable reserves, in which case they are deferred.

Mineral properties and deferred exploration costs will be amortized over the life of the orebody upon commencement of production, or written off if the project is abandoned.

(c) Plant and equipment

Plant and equipment is depreciated on a reducing balance basis relating to production and ore reserves.

Concentrates, bullion and settlements receivable

Concentrates, bullion and settlements receivable are recorded at estimated net realizable value which is based upon metal prices, weights and assays available at the year end.

Deferred income taxes

The company records income and mining taxes on the tax allocation basis. Differences between the amount of expense reported for tax purposes and accounting purposes (arising primarily from depreciation and depletion) results in deferred income and mining taxes which are shown separately in the statement of earnings and the balance sheet.

2. ACQUISITION OF SUBSIDIARIES

Effective April 1, 1976 the company purchased additional shares in Iso Mines Limited, whose major investment is Afton Mines Ltd. (N.P.L.), to bring its percentage ownership to 57%. As a result the company's percentage ownership in Afton Mines Ltd. (N.P.L.) became 56%. Afton is constructing a major copper mine and smelter near Kamloops, B.C.

The cost of Teck's investment in these companies is $20,418,000 of which $19,668,000 was incurred prior to 1976 and was included with investments in effectively controlled companies in the 1975 consolidated balance sheet. The cost of Iso's investment in Afton is $9,571,000 which has been included in Investment in associated and other companies. These amounts together with equity adjustments during the period of effective control result in total investments in Afton and Iso at effective date of purchase of $24,316,000 and $5,774,000 as shown below. Details of the underlying book value in the net assets acquired are:

	Afton Mines Ltd. (N.P.L.) $	Iso Mines Limited $
Working capital	767,000	(1,134,000)
Investments in associated and other companies	—	10,022,000
Mineral properties and deferred costs	3,664,000	1,307,000
Plant and equipment	3,223,000	—
Bank term loan	(5,893,000)	—
Net assets acquired	1,761,000	10,195,000
Less:		
Minority interest in net assets	782,000	4,395,000
Investment in Afton and Iso at effective date of purchase	24,316,000	5,774,000
Excess of cost over net assets acquired attributed to mineral properties	23,337,000	26,000

The acquisition has been accounted for by the purchase method and the financial statements of Afton and Iso have been consolidated with those of the company from April 1, 1976. Prior to this date the company accounted for its investment in these companies by the equity method.

The excess of cost over net assets acquired arising on consolidation will be amortized over the estimated life of the orebody to which it relates.

3. INVESTMENTS IN AND ADVANCES TO EFFECTIVELY CONTROLLED COMPANIES AND CORPORATE JOINT VENTURES

	Percentage ownership		Quoted Market value of shares		Underlying equity in net assets		Equity in earnings (losses) years ended	
	1976	1975	1976	1975	1976	1975	1976	1975
			$	$	$	$	$	$
Shares in effectively controlled companies								
Afton Mines Ltd. (N.P.L.)		43		8,636,000		749,000		
Brameda Resources Limited	47	47	4,903,000	3,792,000	(1,698,000)	(1,519,000)	(179,000)	(258,000)
Highmont Mining Corp. Ltd. (N.P.L.)	22	22	963,000	569,000	1,144,000	1,144,000		
Iso Mines Ltd.		50		1,843,000		4,553,000	(26,000)	151,000
Pickle Crow Explorations Ltd.	25	25	123,000	190,000	107,000	136,000	(29,000)	(4,000)
Torwest Resources (1962) Ltd. (N.P.L.)	25	25	305,000	133,000	254,000	254,000		(5,000)
Shares in corporate joint venture								
Niobec Inc.	25	25	Not quoted		(114,000)		12,000	
			6,294,000	15,163,000	(307,000)	5,317,000	(222,000)	(116,000)
Advances and rights — at cost					5,805,000	1,148,000		
					5,498,000	6,465,000	(222,000)	(116,000)
Excess of cost over underlying equity in net assets					1,647,000	16,136,000		
					7,145,000	22,601,000		

The company considers that its shares of effectively controlled companies are not temporary investments and that the quoted market price of such shares, calculated at the same rate for both free and escrowed shares does not necessarily reflect their present or future value.

Certain advances and rights are convertible to or will result in the receipt of shares of the companies subject to fulfillment of certain conditions.

Certain investments are pledged as security for the bank loans and the contingent liability with respect to the bank loan to Brameda Resources Limited (note 9).

The negative balance for Brameda Resources Limited results from the company recording, in accordance with generally accepted accounting principles, 100% of Brameda's excess of deficit over capital stock.

The negative balance for Niobec Inc. represents the company's share only of the excess of deficit over capital stock of this corporate joint venture.

4. INVESTMENTS IN AND ADVANCES TO RELATED AND OTHER COMPANIES

Investments in and advances to related and other companies are not temporary investments and include marketable shares at a cost of $4,777,000 — market $6,240,000 (1975 $4,703,000 — market $5,460,000). The remaining balance of $2,336,000 (1975 — $5,690,000) consists of non-marketable shares, advances and debentures. These amounts represent costs to date and do not necessarily reflect their present or future values.

5. PLANT AND EQUIPMENT

	1976			1975
	Cost	Accumulated Depreciation	Net book Value	Net book Value
	$	$	$	$
Petroleum	6,382,000	4,592,000	1,790,000	1,518,000
Mine	18,599,000	6,415,000	12,184,000	11,481,000
Construction in progress — Afton	15,776,000		15,776,000	
Other	612,000	362,000	250,000	263,000
	41,369,000	11,369,000	30,000,000	13,262,000

The company is constructing a mine, mill and smelter complex near Kamloops, B.C. having an estimated capital cost of $80,000,000. Costs to date total $17,525,000, of which $15,776,000 is plant and equipment, with firm commitments for an additional $18,565,000. The company has arranged financing for this project by way of a term loan (note 6) and a $15,000,000 line of credit from the purchasers of the production. This line of credit may be drawn upon, if necessary to satisfy the completion and deficiency guarantees. To the extent that this line of credit is utilized, the company's obligations are reduced (see note 9(c)).

6. LONG TERM DEBT

(a) Long term debt consists of:

	1976 $	1975 $
Term bank loan with interest at 1¼% above the bank prime rate, repayable in annual instalments commencing with $500,000 on or before December 31, 1976 and increasing annually by $100,000 to December 31, 1979 with a final payment of $1,500,000 on December 31, 1980	4,100,000	4,500,000
Term bank loan for the Newfoundland Zinc Project ($10,785,000 U.S.) with interest at 1% above the L.I.B.O. rate, repayable in quarterly instalments of $540,000 (CDN) commencing on or before March 31, 1977	10,803,000	10,803,000
Term bank loan for the Afton project with varying interest rates, repayable over eight years after commencement of production, subject to acceleration in the event of excess earnings as defined in the loan agreement	18,563,000	—
	33,466,000	15,303,000
Mortgage loan payable, without interest, due December 31, 1977 or upon commencement of production from the mineral properties of Highmont Mining Corporation Ltd. (N.P.L.), whichever is earlier	2,500,000	2,500,000
Notes payable, unsecured, 6% non-negotiable, without fixed repayment terms. Repayable by a subsidiary, out of its net profits after taxes	503,000	482,000
	36,469,000	18,285,000
Current portion (included with current bank loans)	2,120,000	400,000
	34,349,000	17,885,000

Aggregate minimum amounts estimated to be required to meet repayment provisions in each of the next five years:

1977	$ 2,120,000	1980	$ 2,960,000
1978	$21,323,000	1981	$ 3,560,000
1979	$12,423,000		

(b) Security for bank loans and long term debt

Current bank loans aggregating $15,333,000 and the $4,100,000 term bank loan are secured by certain accounts receivable, marketable securities and investments.

The $10,803,000 term bank loan is secured by a collateral fixed and floating charge debenture on the company's portion of the assets of the Newfoundland Zinc Project of approximately $13,000,000 plus specific assignment of concentrate accounts receivable and concentrate inventories from the project of approximately $3,000,000.

The mortgage loan payable is secured by the company's 45% interest in the Highmont mineral properties.

The $18,563,000 term bank loan is secured by a first fixed and floating charge over all the assets of Afton Mines Ltd. (N.P.L.) and by an assignment of the sales contract and the financing agreement with the concentrate purchasers.

7. CAPITAL STOCK

(a) The Class "A" shares carry the right to 100 votes per share and the Class "B" shares carry the right to one vote per share; in all other respects the Class "A" and "B" shares rank equally.

(b) Stock options are outstanding to officers and employees on 208,400 Class "B" shares at $2.60 per share, exercisable in varying annual amounts to October 1, 1979. The company has reserved an additional 6,000 shares for future options yet to be granted.

(c) During the year 600 Class "B" shares were issued for cash consideration of $1,560 under the terms of the stock option noted above.

8. DIRECTORS' AND SENIOR OFFICERS' REMUNERATION

The company has twelve directors and ten officers, seven of whom are also directors.

The aggregate remuneration paid or payable by the company during the year to its directors and officers amount to $66,000 and $239,000 respectively. The amount paid by subsidiaries to directors and officers of the parent company amount to $6,000 and $27,000 respectively.

Remuneration to the directors and senior officers (as defined by the Ontario and British Columbia Securities Acts) amounted to $390,000.

9. CONTINGENT LIABILITIES

(a) The company is contingently liable in the amount of $180,000 with respect to guarantee notes issued by a bank in connection with the company's share of oil exploration commitments.

(b) The company is contingently liable in the amount of $2,321,000 as guarantor of a bank loan to Brameda Resources Limited. Certain securities have been pledged with respect to this guarantee (note 3).

(c) Afton Project
The company has provided a completion guarantee for the Afton Project. In addition, it has agreed to provide funds for repayment of the bank loan in the event that the cash flow of the project is insufficient to meet scheduled repayments, up to a maximum of $25,000,000. There are provisions whereby the $25,000,000 commitment reduces as repayments of the bank loan are made.

(d) Niobec project
The company is liable, together with another shareholder, to complete the Niobec project. Completion includes the obligation to provide any additional funds which may be necessary to complete the project, as well as continuous operation for a period of six months within certain pre-established operating and financial criteria.

10. COMMITMENTS

The company's producing mining property operated as the Silverfields Division at Cobalt, Ontario, is held under a lease expiring on July 4, 1982, the terms of which provide for a 10% royalty with a minimum annual payment of $5,000.

11. ANTI-INFLATION ACT

The company is subject to restraint of profit margins, prices, compensation, and dividends under the terms of the Anti-Inflation Act and Regulations and has complied with the requirements of the legislation in all material respects.

12. PRIOR YEAR'S ADJUSTMENT AND COMPARATIVE FIGURES

Retained earnings as at September 30, 1975 have been reduced to reflect the retroactive adjustment by an effectively controlled company of certain income as a reduction of deferred costs. As a result, the equity in losses of effectively controlled companies has been increased by $60,000 in the comparative statement of earnings and the investment account in the balance sheet reduced accordingly.

Certain other comparative figures have been reclassified to conform with the 1976 presentation which has had no effect on the net earnings reported but has reduced the opening balance of working capital by $345,000.

13. SUBSEQUENT EVENTS

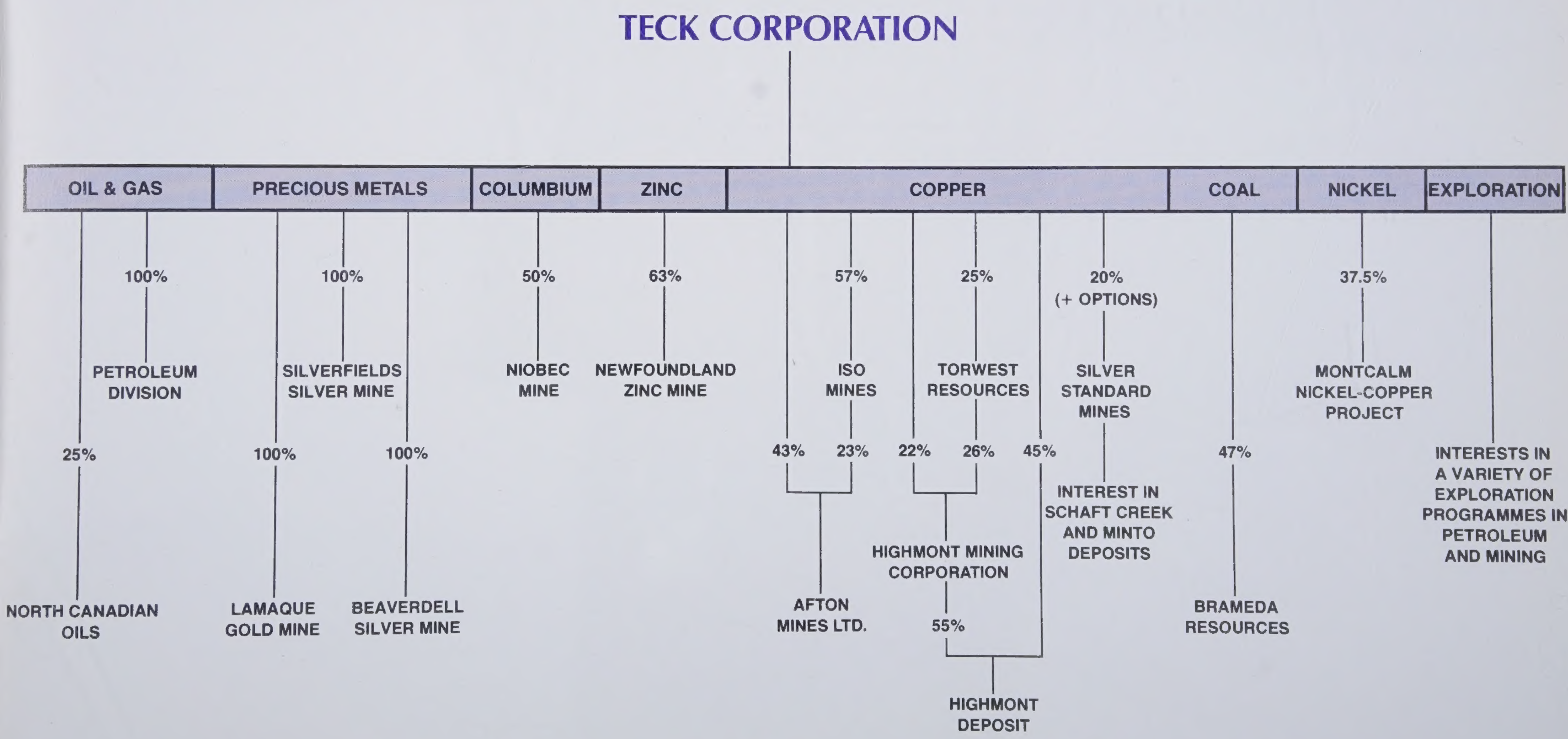
(a) In October 1976, the company purchased 1,390,286 shares (approximately 25%) of North Canadian Oils Limited. The purchase price was financed by a bank loan and letter of credit.

(b) In December 1976, the company completed an agreement whereby it acquired from Copperfields Mining Corporation all of Copperfields' shares and debentures of Niobec Inc. as part of a transaction where the company sold to Copperfields its 1,743,400 shares of Copperfields. As a result of that transaction, Teck now has a 50% interest in Niobec.

COMPARATIVE FIGURES ('000)

	Year Ended September 30,				
	1976	1975	1974	1973	1972
	$	$	$	$	$
Operating profit from petroleum operations	5,147	3,392	3,131	2,935	2,666
Operating profit from mining operations	4,298	3,955	4,180	2,837	1,606
Investment income	1,254	2,068	2,456	697	829
Technical services	161	164	74	—	—
Churchill Copper payment	—	—	—	—	5
	10,860	9,579	9,841	6,469	5,106
Less: Administrative and general expenses	1,234	1,045	939	738	640
Interest expense	2,055	936	1,070	724	608
	3,289	1,981	2,009	1,462	1,248
Operating profit before exploration and write-offs	7,571	7,598	7,832	5,007	3,858
Petroleum and mining exploration	1,246	1,776	1,333	995	1,387
	6,325	5,822	6,499	4,012	2,471
Depletion, depreciation and amortization	2,616	1,162	868	709	745
Petroleum and mineral properties written off	—	—	29	182	168
Minority interest	(33)	3	10	—	—
	2,583	1,165	907	891	913
	3,742	4,657	5,592	3,121	1,558
Income and Mining taxes					
Current	256	587	359	281	114
Deferred	1,424	1,531	527	(122)	(159)
	1,680	2,118	886	(159)	(45)
	2,062	2,539	4,706	2,962	1,603
Equity in (losses) of effectively controlled companies	(222)	(116)	(40)	(292)	—
Deferred income taxes resulting from equity accounting	(54)	—	(464)	(804)	—
	(276)	(116)	(504)	(1,096)	—
Net earnings for the year before extraordinary items	1,786	2,423	4,202	1,866	1,603
Extraordinary items					
Gain (loss) on disposal of investments and marketable securities	109	88	(19)	61	3,579
Equity in extraordinary (losses) of effectively controlled companies	—	(105)	(15)	(1,927)	—
Other	107	62	(97)	879	(984)
	216	45	(131)	(987)	2,595
Net earnings for the year	2,002	2,468	4,071	879	4,198
Earnings per share					
Before extraordinary items	26¢	35¢	62¢	27¢	23¢
After extraordinary items	29¢	36¢	60¢	13¢	62¢

NOTE: During 1974 the company adopted the equity method of accounting for its interest in affiliated companies in which it has effective control and restated its 1973 figures to conform to this policy.


TECK CORPORATION
OIL & GAS
PRECIOUS METALS
COLUMBIUM
ZINC
COPPER
COAL
NICKEL
EXPLORATION
100%
PETROLEUM DIVISION
25%
NORTH CANADIAN OILS
100%
SILVERFIELDS SILVER MINE
100%
LAMAQUE GOLD MINE
100%
BEAVERDELL SILVER MINE
50%
NIOBEC MINE
63%
NEWFOUNDLAND ZINC MINE
57%
ISO MINES
43%
23%
AFTON MINES LTD.
25%
TORWEST RESOURCES
22%
26%
HIGHMONT MINING CORPORATION
55%
45%
HIGHMONT DEPOSIT
20% (+ OPTIONS)
SILVER STANDARD MINES
INTEREST IN SCHAFT CREEK AND MINTO DEPOSITS
47%
BRAMEDA RESOURCES
37.5%
MONTCALM NICKEL-COPPER PROJECT
INTERESTS IN A VARIETY OF EXPLORATION PROGRAMMES IN PETROLEUM AND MINING

PRINTED IN VANCOUVER, CANADA

CONSOLIDATED COMPARATIVE EARNINGS

Unaudited and Subject to Year-End Adjustment
For the Six Months Ended March 31

	1976	1975
	$	$
Operating profits		
Petroleum	4,759,000	3,332,000
Less: royalty	2,236,000	1,838,000
	2,523,000	1,494,000
Mining	1,526,000	2,122,000
Investments and other income	806,000	1,727,000
Technical services	(70,000)	(16,000)
	4,785,000	5,327,000
Administration and general	603,000	543,000
Interest expense	1,221,000	585,000
Petroleum and mining exploration	518,000	1,121,000
	2,342,000	2,249,000
Operating profit before the following	2,443,000	3,078,000
Depreciation, depletion and amortization	1,188,000	406,000
Minority interest	(30,000)	(10,000)
	1,158,000	396,000
PROFIT BEFORE INCOME TAXES	1,285,000	2,682,000
Income and mining taxes — current	169,000	289,000
— deferred	535,000	729,000
	581,000	1,664,000
Equity in profits (losses) of effectively controlled companies	9,000	(12,000)
NET EARNINGS BEFORE EXTRAORDINARY ITEMS	590,000	1,652,000
Extraordinary items		
Gain on sale of investments	39,000	26,000
Equity in extraordinary gains of effectively controlled companies	—	367,000
Other	36,000	29,000
	75,000	422,000
NET EARNINGS	665,000	2,074,000
EARNINGS PER SHARE		
Before extraordinary items	8.7¢	24.2¢
After extraordinary items	9.8¢	30.4¢

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Unaudited and Subject to Year-End Adjustment
For the Six Months Ended March 31

	1976	1975
	$	$
SOURCE OF FUNDS		
Earnings after equity accounting and before extraordinary items	590,000	1,652,000
Add items not affecting working capital		
Depreciation, depletion and amortization	1,188,000	406,000
Minority interest	(30,000)	(10,000)
Equity in (profits) losses of effectively controlled companies	(9,000)	12,000
Deferred income and mining taxes	535,000	729,000
Total from operations before extraordinary items	2,274,000	2,789,000
Extraordinary items affecting working capital		
Proceeds on sale of investments	39,000	41,000
Other	39,000	44,000
	2,352,000	2,874,000
Issue of shares	1,000	—
Long term debt	11,000	6,944,000
Increase in minority interest	—	167,000
	2,364,000	9,985,000
USE OF FUNDS		
Term bank loans	1,320,000	400,000
Non producing petroleum properties	175,000	540,000
Plant and equipment	1,215,000	5,602,000
Producing petroleum properties	321,000	82,000
Mineral properties, rights, deferred costs	86,000	381,000
Investment in and advances to associated and other companies	534,000	4,117,000
	3,651,000	11,122,000
(Decrease) in working capital	(1,287,000)	(1,137,000)
Working capital — beginning of year	5,225,000	4,368,000
Working capital — March 31	3,938,000	3,231,000

Signed on behalf of the Board

Director

Director

PRINTED IN CANADA

TECK

Six Months Ended March 31, 1976

TECK CORPORATION LIMITED

1199 West Hastings Street, Vancouver, British Columbia V6E 2K5

TECK CORPORATION LIMITED

To the Shareholders:

Highlights of the second quarter were completion of the new Niobec mine and beginning of site preparation on the Afton project.

Second quarter earnings were, as projected at the annual meeting, at about the same level as in the first quarter. Earnings before extraordinary items were $325,000 or 4.8¢ per share for the quarter, making a total of $590,000 or 8.7¢ per share for the first six months. Earnings for the balance of the fiscal year are still expected to increase with improved contributions from Silverfields and Newfoundland Zinc, to bring the total for the year in line with last year's earnings.

The continued heavy impact of taxes and Government royalties is illustrated by the fact that pre-tax and royalty income for the first six months was $3,521,000 or 52¢ per share. Taxes and royalties took $2,940,000 or 43¢ per share, leaving the company with earnings of only 8.7¢ per share.

Natural gas production was up from 218,000 mcf in the first half last year to 704,000 mcf this year. Oil production was steady at 516,000 barrels compared with 523,000 last year. Operating profit from these two sources after royalties, was up $1,029,000 to $2,523,000.

Our natural gas development programme will continue in the second half of the fiscal year, with over 70 wells planned in the Bantry area and additional production from new wells in the Pelican area, both in Alberta. Production is also expected to begin from the Rigel and Cache Creek areas of British Columbia.

Teck (1/3) and partners plan to drill an exploratory well on their Severn Basin holdings in south western England later this year, and a second well on another part of these holdings will be drilled by Shell Oil under a farmout arrangement.

Mine operating profit was $1,526,000, down $596,000 from last year. Lamaque was down because of lower gold prices. Silverfields, which was on strike for the first five months, incurred a loss of $28,000 compared with a profit of $931,000 last year. These declines were offset partially by the first earnings from Newfoundland Zinc, where Teck's 63.4% share of operating profit for the first six months was $1,328,000.

During the second half Silverfields should again make a significant profit and Newfoundland Zinc's earnings are expected to increase, as the open pits are phased out and a greater proportion of production comes from the higher grade underground orebodies. Beaverdell should continue to generate a modest profit. Unless the price of gold increases, Lamaque is not expected to produce significant income.

Distribution of Saskatchewan Oil Revenue. *Although the Canadian price of oil has increased from $3.90 to $8.00 per barrel, a Saskatchewan oil producer nets only $1.46 per barrel compared to $1.93 two years ago. The Saskatchewan government's take has increased from 73¢ per barrel to $4.16 and the Federal government from 59¢ to $1.43. Out of this lower return, the producer has to finance the ever-increasing cost of exploration, development and production facilities in an inflationary environment.*

The new Niobec columbium mine was transferred from construction to operating status on May 1, and the official opening has been set for June 7. Teck has a 25% interest in this operation, which is located 7 miles north of Chicoutimi, with the balance being held by Copperfields Mining Corporation (25%) and Soquem (50%). Teck managed the construction programme, which was completed on schedule and within the budget of $18,000,000.

The first two shipments of columbium concentrate were made in May, and tune-up operations are progressing satisfactorily. Columbium metallurgy is a complex process and it could take six months before the mill is tuned up to optimum capacity and recovery.

Site preparation at Afton began in March and the construction programme is now underway, with the project scheduled for completion by the end of 1977.

With expanding natural gas production and three new mines in a short period of time, Teck Corporation is making an ever-increasing contribution to the Canadian economy.

On behalf of the Board,

N. B. Keevil,
President

17th May, 1976